

National Indian Gaming Commission

NOTICE OF VIOLATION AND FINAL CIVIL FINE ASSESSMENT

Ref: NOV-05-9

To:

John Berrey
Chairman
Quapaw Tribe of Oklahoma
P.O. Box 765
Quapaw, Oklahoma 74363

J.R. Mathews
President
Quapaw Gaming Corporation
P.O. Box 765
Quapaw, Oklahoma 74363

STIPULATED NOTICE OF VIOLATION

1. The Chairman of the National Indian Gaming Commission ("NIGC") hereby gives notice that the Quapaw Tribe of Oklahoma and the Quapaw Gaming Corporation (hereafter referred to as "the Tribe" and the "QGC") located in Quapaw, Oklahoma, have violated the Indian Gaming Regulatory Act ("IGRA"), 25 U.S.C. § 2701 *et seq.*, and NIGC regulations, 25 C.F.R. § 501 *et seq.*
2. The circumstances of the violation are:
 - A. On or about May of 2003, the Enforcement Division of the NIGC initiated an inquiry into the management of the Quapaw Casino, a wholly-owned enterprise of the Quapaw Tribe ("Tribe"), a federally recognized Indian tribe, to determine whether the facility was being managed in the absence of a management contract approved by the Chairman in violation of the IGRA.
 - B. On or about January 20, 2001, Marc E. Dunn ("Dunn"), Oklahoma Management Enterprises, Inc. ("OME"), and/or Native American Enterprises & Resource Management, Inc. ("Native American Enterprises") assumed management of the Quapaw Casino.

- C. On August 29, 2001, the Tribe and OME¹ entered into a Gaming Management Agreement. The agreement formalized the arrangement whereby Dunn, OME, and/or Native American Enterprises managed the Quapaw Casino for the Tribe which was not approved by the Chairman of the NIGC.
- D. Although the Tribe submitted the August 2001 management agreement to the NIGC on April 10, 2002 seeking review and approval by the Chairman, the submission was not approved due to deficiencies in the submission which were brought to the Tribe's attention by letters dated April 26, 2002, August 21, 2002, and January 24, 2003.
- E. On July 15, 2003, the QGC submitted a modified Gaming Management Agreement, dated June 26, 2003, to the NIGC for review and approval.
- F. Similar to August 2001 management agreement, the Tribe, QGC, Dunn, OME, and/or Native American Enterprises acted pursuant to the June 2003 management agreement, allowing Dunn, OME, and/or Native American Enterprises to manage and operate the Quapaw Casino despite the fact that such agreement was not approved by the Chairman of the NIGC.
- G. By letter dated July 31, 2003, the NIGC advised the Tribe of deficiencies in the submission. On August 27, 2003, additional information and documentation was submitted to the NIGC in support of the management contract submission.
- H. On August 8, 2003, the NIGC notified the Tribe by letter that the NIGC had initiated an inquiry into the possible management of the Quapaw Casino without an approved management contract and directed the submission of certain documents and materials.
- I. On September 5, 2003, the Chairman of the Quapaw Tribe and other Quapaw tribal representatives met with the Chairman of the NIGC and other NIGC members to discuss the pending inquiry. During the meeting, the Chairman informed the Quapaw Chairman and tribal representatives that he had instructed the Contracts Division to suspend review of the management contract submission pending the outcome of the inquiry.
- J. Following the meeting, the Tribe timely submitted the documents and materials requested in the letter of August 8, 2003 then later

¹ Native American Enterprises owns one hundred percent (100 %) of the shares of OME. Marc E. Dunn is the President and the Director of Native American Enterprises.

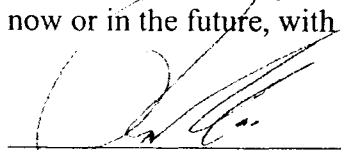
responded timely to a separate request for documents from the Director of Enforcement made October 16, 2003.

- K. Throughout the period of inquiry, which extended from May 2003 through November 19, 2004, the Quapaw Tribe cooperated with the NIGC to provide documents and materials related to the Quapaw Casino.
 - L. Consequently, from approximately January 20, 2001 through November 19, 2004, Dunn, OME, and/or Native American Enterprises managed the Quapaw Casino at Miami, Oklahoma without a management contract approved by the Chairman of the NIGC in violation of IGRA, 25 U.S.C. § 2711, and NIGC regulations, 25 C.F.R. Parts 533 and 573 with the knowledge of the Tribe and the QGC.
3. The Chairman has authority to levy and collect appropriate civil fines, not to exceed \$25,000 per violation, against the tribal operator of an Indian game or a management contractor engaged in gaming for any violation of any provision of IGRA and NIGC regulations. 25 U.S.C. § 2713(a)(1); 25 C.F.R. § 575.4. "If noncompliance continues for more than one day, the Chairman may treat each daily act or omission as a separate violation." 25 C.F.R. § 575.4 (a)(2).
4. The Chairman acknowledges, however, that prior to the execution of this Stipulated Notice of Violation the Quapaw Tribe took affirmative steps to correct the circumstances giving rise to this matter by severing all business ties involving Indian gaming with Dunn, OME, and Native American Enterprises and pledging to assume full managerial and operational control over the Quapaw Casino. While such action represent a significant step toward compliance, the following additional corrective actions are required by the Tribe and QGC:
- A. The Tribe, QGC, and/or any tribal entity shall prohibit Dunn, OME, and Native American Enterprises, and/or any other entity owned in whole or part or otherwise associated with Dunn, including any entity in which Dunn or an entity owned by him is the majority shareholder, from any association of any kind with the Quapaw Casino, any tribal gaming activity, and any tribal gaming facility.
 - B. The Tribe, QGC, and/or any tribal entity shall not employ or retain Dunn, or any entity owned in whole or part or otherwise associated with Dunn, , including any entity in which Dunn or an entity owned by him is the majority shareholder, to operate, manage, consult, or provide any type of materials, machines, or services related directly or indirectly to the operation or management of any of its gaming facilities.

- C. The Tribe, QGC, and/or any tribal entity shall not permit Dunn, OME, Native American Enterprises, or any entity owned in whole or part by or in any way associated with Dunn, including any entity in which Dunn or an entity owned by him is the majority shareholder, to develop, finance, or otherwise have a direct or indirect financial interest in any existing or future gaming facility and/or operation or to provide any type of materials, machines, goods or any type of services to the Tribe's existing or future gaming facilities or operations.
- D. The Tribe, QGC, and/or any tribal entity shall not enter any type of arrangement with Dunn, OME, Native American Enterprises, any entity owned in whole or part by Dunn, any entity in any way associated with Dunn, including any entity in which Dunn or an entity owned by him is the majority shareholder, that provides Dunn or such entities, either directly or indirectly, with a sum of money and/or future sums of money as consideration for such entities' past gaming-related services to the Tribe or any tribal entity and/or as consideration for the prohibition of such gaming-related services in the future.
- E. The Tribe, QGC, and/or any tribal entity shall not have any type of relationship involving Indian gaming with Dunn, OME, Native American Enterprises, any entity owned in whole or part by Dunn, any entity in any way associated with Dunn, and/or any entity in which Dunn or an entity owned by him is the majority shareholder.

FINAL CIVIL FINE ASSESSMENT

Pursuant to the Indian Gaming Regulatory Act ("IGRA"), 25 U.S.C. § 2701 *et seq.*, and by virtue of the authority vested in the Chairman of the National Indian Gaming Commission ("NIGC"), the Chairman has found the Quapaw Tribe of Oklahoma ("Tribe") and the Quapaw Gaming Corporation ("QGC"), located in Miami, Oklahoma, to be in violation of Section 2711 of Title 25 of the United States Code, and regulations adopted by the NIGC pursuant to its authority under these laws. Accordingly, the Tribe shall pay a civil fine of fifty thousand dollars (\$50,000.00). Furthermore, the Tribe, QGC, and any tribal entity shall prohibit Marc E. Dunn, OME, and Native American Enterprises, any entity owned in whole or part by Dunn, and/or any entity in which Dunn or an entity owned by him is the majority shareholder from any involvement whatsoever, now or in the future, with any Quapaw gaming facilities and/or operations.



Philip N. Hogen
Chairman, National Indian Gaming Commission

Date: 4/11/05